



Norman H. Bangertter  
Governor  
Dee C. Hansen  
Executive Director  
Dianne R. Nielson, Ph.D.  
Division Director

# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340

July 13, 1989

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Associate Director, Mining *LPB*

FROM: D. Wayne Hedberg, Senior Reclamation Specialist/Hydrologist *DWH*

RE: Request for Board Concurrence, Amount and Form of Reclamation Surety and Permit Transfer, Drum Mine, Jumbo Mining Company/Western States Minerals Corporation, M/027/007, Millard County, Utah

Attached for your information are copies of an updated reclamation surety estimate, the proposed Reclamation Contract (Form MR-RC), the amount and proposed form of reclamation surety and the permit transfer document (Form MR-TRL) for Jumbo Mining Company's (Jumbo), Drum Mine, located in Millard and Juab Counties, Utah.

Jumbo Mining Company has purchased the Drum Mine property from Western States Minerals Corporation (WSMC). A revised reclamation surety estimate of \$162,000 has been calculated by the Division to cover the projected costs to reclaim the minesite (in 1994 dollars) disturbances.

The proposed form of surety will be United States Treasury Bills which will be held in the name of the State of Utah, Division of Oil, Gas and Mining, and the U.S. Department of the Interior, Bureau of Land Management. Securities transactions will be handled by and processed through the Utah State Treasurer's office.

The revised reclamation surety also includes the projected reclamation costs for additional proposed surface disturbance (approximately 11 acres - \$19,000) associated with a recent Drum Mine permit amendment filed by Jumbo.

Upon the Board's acceptance of the amount and form of the revised reclamation surety, the Division will issue written approval for the permit transfer between Jumbo and WSMC, and the permit amendment.

jb  
Attachments  
MN2/36

# Reclamation Estimate for JUMBO MINING COMPANY M/027/007

Prepared By  
Utah State Division of Oil, Gas and Mining  
April 4, 1989

Description	Quantity	Total Unit	\$/Unit	Cost (\$)
<b>Drum Mine Pit and Decline Reclamation</b>				
Remove Trash		Lump Sum		2,000
Construct Berms Along Highwalls	1,200	Linear Feet	4.70	5,640
Construct Seal 100' Inside Portal	5	Portals	1,000	5,000
Backfill Portal	2,000	Cubic Yards	0.60	1,200
Rip Roadways in Pits	12.0	Acres	150	1,800
Revegetate *	12.0	Acres	175	2,100
Subtotal				17,740
<b>Heap Leach Pad Reclamation</b>				
Decommission Heap Leach Pads	39.4	Acres	250	9,850
Remove Trash	39.4	Acres	100	3,940
Grade to a 3h:1v Slope	41.5	Acres		
Haul and Spread Topsoil	2,000	Cubic Yards	0.63	1,250
Revegetate *	41.5	Acres	175	7,260
Subtotal				22,300
<b>Drum Mine Waste Dumps Reclamation</b>				
Remove Trash	25.5	Acres	100	2,550
Grade to a 3h:1v Slope	25.5	Acres		
Revegetate *	29.6	Acres	175	5,180
Subtotal				7,730
<b>Facilities Reclamation</b>				
Demolish and Dispose of Buildings	5,000	Square Feet	2.90	14,500
Remove Fenceline	15,030	Linear Feet	1.25	18,790
Remove 6" Pipeline	38,000	Linear Feet	0	0
Plug Drill Holes	30	Each	100	3,000
Remove Trash	40.0	Acres	100	4,000
Rip Roads	23.3	Acres	150	3,500
Revegetate *	40.0	Acres	175	7,000
Subtotal				50,790
Totals				98,560
Add Contingency (10%)				9,860
TOTAL RECLAMATION COST (1989 Dollars)				108,420
TOTAL RECLAMATION COST (1994 Dollars) @ 1.93% Annual Inflation				119,000

## Reclamation Estimate for JUMBO MINING COMPANY M/027/007

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Prepared By  
Utah State Division of Oil, Gas and Mining  
April 4, 1989  
(Continued)

### Cost Parameters Used

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621B Scraper (O&O)	150	\$/hour
Production	240	Cubic Yards/hour
D-8 Dozer (O&O)	160	\$/hour
Production	300	LCY/hour
Speed w/ripper	1	mph
Labor Only	24	\$/hour
Trash Removal	100	\$/acre
Farm Tractor (O&O)	67	\$/hour
Speed	4	mph
Width of Pass	6	feet

Revegetation Cost per Acre	Quantity	Unit	\$/Unit	Total Cost (\$)
Bare Costs				
Seed Mix	19	Pounds	7.37	140
Application Costs				
Seed Mix (broadcast by hand)	0.5	Hours	24	12
Scarify (tractor with chain)	0.3	Hours	67	23
Subtotal				35
Total Revegetation Cost per Acre				175

# Reclamation Estimate for JUMBO MINING COMPANY M/027/007

Prepared By  
Utah State Division of Oil, Gas and Mining  
May 22, 1989

Description	Unit	\$/Unit	Jumbo Mining Company		Western States Minerals Corporation		Grand Totals	
			Quantity	Cost (\$)	Quantity	Cost (\$)	Quantity	Cost (\$)
Drum Mine Pit and Decline Reclamation								
Remove Trash	Lump Sum			2,000	0			2,000
Construct Berms Along Highwalls	Linear Feet	4.70	1,200	5,640	0		1,200	5,640
Construct Seal 100' Inside Portal	Portals	1,000	5	5,000	0		5	5,000
Backfill Portal	Cubic Yards	0.60	2,000	1,200	0		2,000	1,200
Rip Roadways in Pits	Acres	150	12.0	1,800	0		12	1,800
Revegetate *	Acres	175	12.0	2,100	0		12	2,100
Subtotal				17,740		0		17,740
Heap Leach Pad Reclamation								
Decommission Heap Leach Pads	Acres	490	29.4	14,300	16.3	7,990	45.7	22,290
Remove Trash	Acres	100	29.4	2,940	16.3	1,630	45.7	4,570
Grade to a 3h:1v Slope	Acres	800	29.4	23,520	16.3	13,040	45.7	36,560
Haul and Spread Topsoil	Cubic Yards	0.63	2,000	1,260	(a)	(a)	(a)	1,260
Revegetate *	Acres	175	29.4	5,150	16.3	2,850	45.7	8,000
Subtotal				47,170		25,510		72,680
Drum Mine Waste Dumps Reclamation								
Remove Trash	Acres	100	2.5	250	25.5	2,550	28.0	2,800
Grade to a 3h:1v Slope	Acres	800	2.5	2,000	25.5	20,400	28.0	22,400
Revegetate *	Acres	175	2.5	440	25.5	4,460	28.0	4,900
Subtotal				2,690		27,410		30,100

# Reclamation Estimate for JUMBO MINING COMPANY M/027/007

Prepared By  
Utah State Division of Oil, Gas and Mining  
May 22, 1989

Description	Unit	\$/Unit	Jumbo Mining Company		Western States Minerals Corporation		Grand Totals	
			Quantity	Cost (\$)	Quantity	Cost (\$)	Quantity	Cost (\$)
Facilities Reclamation								
Demolish and Dispose of Buildings	Square Feet	2.90	5,000	14,500	0	0	5,000	14,500
Remove Fenceline	Linear Feet	1.25	15,030	18,790	0	0	15,030	18,790
Remove 6" Pipeline	Linear Feet	(b)	38,000	0	0	0	38,000	0
Plug Drill Holes	Each	100	30	3,000	0	0	30	3,000
Remove Trash	Acres	100	40.0	4,000	0	0	40.0	4,000
Rip Roads	Acres	150	23.3	3,500	0	0	23.3	3,500
Revegetate *	Acres	175	40.0	7,000	0	0	40.0	7,000
Subtotal				50,790	0	0		50,790
Totals								
Add Contingency (10%)				118,390		52,920		171,310
				11,840		5,290		17,130
				130,230		58,210		188,440
TOTAL RECLAMATION COST (1989 Dollars)				143,000		64,000		207,000
TOTAL RECLAMATION COST (1994 Dollars) @ 1.93% Annual Inflation								

Notes: (a) The solution for the topsoil deficiency has not been determined.  
(b) The salvage value exceeds removal cost. A bid was provided.

# Reclamation Estimate for JUMBO MINING COMPANY M/027/007

Prepared By  
Utah State Division of Oil, Gas and Mining  
May 22, 1989  
(Continued)

## Cost Parameters Used

621B Scraper (O&O)	150	\$/hour
Production	240	Cubic Yards/hour
D-8 Dozer (O&O)	160	\$/hour
Production	300	LCY/hour
Speed w/ripper	1	mph
Labor Only	24	\$/hour
Trash Removal	100	\$/acre
Farm Tractor (O&O)	67	\$/hour
Speed	4	mph
Width of Pass	6	feet

Revegetation Cost per Acre	Quantity	Unit	\$/Unit	Total Cost (\$)
Bare Costs				
Seed Mix	19	Pounds	7.37	140
Application Costs				
Seed Mix (broadcast by hand)	0.5	Hours	24	12
Scarify (tractor with chain)	0.3	Hours	67	23
Subtotal				35
Total Revegetation Cost per Acre				175

# Reclamation Estimate for JUMBO MINING COMPANY M/027/007

Prepared By  
Utah State Division of Oil, Gas and Mining  
November 25, 1988 Revised 6-13-89

Description	Quantity	Unit	\$/Unit	Total Cost (\$)
<b>Alto Pit Reclamation</b>				
Remove Trash	3.8	Acres	100	380
Construct Berm on Highwall	450	Linear Feet	4.70	2,120
Plug Drill Holes	20	Each	100	2,000
Rip Roads	900	Linear Feet	0.60	540
Grade for Uniformity	2.9	Acres	430	1,250
Revegetate *	2.9	Acres	175	510
				-----
Subtotal				6,800
<b>Keystone Test Pit Reclamation</b>				
Remove Trash	0.9	Acres	100	90
Plug Drill Holes	7	Each	100	700
Rip Roads	400	Linear Feet	0.60	240
Grade for Uniformity	0.5	Acres	430	220
Revegetate *	0.5	Acres	175	90
				-----
Subtotal				1,340
<b>Monarch Test Pit Reclamation</b>				
Remove Trash	3.7	Acres	100	370
Plug Drill Holes	5	Each	100	500
Rip Roads	3,500	Linear Feet	0.60	2,100
Grade for Uniformity	3.0	Acres	430	1,290
Revegetate *	3.0	Acres	175	530
				-----
Subtotal				4,790
<b>Ibex Decline Reclamation</b>				
Remove Trash	0.5	Acres	100	50
Plug Drill Holes	5	Each	100	500
Construct Seal 100' Inside Portal		Lump Sum		1,000
Backfill Portal	400	Cubic Yards	0.60	240
Revegetate *	0.5	Acres	175	90
				-----
Subtotal				1,880
Totals				=====
				14,810
Add Contingency (10%)				1,480
				-----
TOTAL RECLAMATION COST (1988 Dollars)				16,290
TOTAL RECLAMATION COST (1989 Dollars) @ 2.3% Annual Inflation				17,000
TOTAL RECLAMATION COST (1994 Dollars) @ 1.93% Annual Inflation				19,000

EDWARD W. CLYDE  
ELLIOTT LEE PRATT  
RODNEY G. SNOW  
STEVEN E. CLYDE  
THEODORE BOYER, JR.  
EDWIN C. BARNES  
GARY L. PAXTON  
L. MARK FERRE  
NEIL A. KAPLAN\*  
JOHN W. ANDERSON  
D. BRENT ROSE  
JAMES L. WARLAUMONT  
H. MIFFLIN WILLIAMS III  
STEPHEN B. DOXEY  
ANNELI R. SMITH

\*ADMITTED IN WASHINGTON, D.C.

# CLYDE, PRATT & SNOW

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

200 AMERICAN SAVINGS PLAZA  
77 WEST SECOND SOUTH  
SALT LAKE CITY, UTAH 84101

PHONE 322-2516  
AREA CODE 801

TELECOPIER  
(801) 322-2516 EXT. 56

FILE NO.

July 11, 1989

RECEIVED  
JUL 11 1989

Department of Natural Resources  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

DIVISION OF  
OIL, GAS & MINING

RE: Jumbo Mining - Drum Mine Transfer of Permit

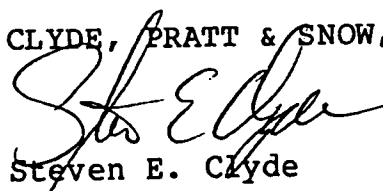
Gentlemen:

Enclosed please find the Transfer of Notice of Intention Large Mining Operations form MR-TRL, which has been executed by the transferor, Western States Minerals Corporation, and the transferee, Jumbo Mining Company.

I assume this will reach you in time to place this transfer request on the agenda for the July 27 meeting of the board. Should you have any questions regarding this, please do not hesitate to contact me.

Sincerely,

CLYDE, PRATT & SNOW, P.C.

  
Steven E. Clyde

SECjl  
Enclosure  
cc: Ed King



STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

**RECEIVED**  
JUL 11 1989

TRANSFER OF NOTICE OF INTENTION  
LARGE MINING OPERATIONS

DIVISION OF  
OIL, GAS & MINING

---ooOoo---

1. (a) Notice of intention to be transferred (file number): M/027/007  
(b) Name of mining operation: Drum Mine  
(c) Location of mining operation (county): Millard, Juab  
(d) Name, telephone number and mailing address of the operator currently holding the notice of intention (transferor):  
Western States Minerals Corporation  
4975 Van Gordon Street  
Wheatridge, Colorado 80033
2. (a) Name, telephone number and mailing address of the operator acquiring the notice of intention (transferee):  
Jumbo Mining Company  
6305 Fern Spring Cove  
Austin, Texas 78730 512- 346-4537  
(b) Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act may be sent:  
Same as above Mr. E.B. King
3. (a) The total disturbed area identified in the approved notice of intention: 143.7 acres ORIGINAL ; 106.16 ACRES REVISED .  
(b) The actual number of acres disturbed by the operation through date of transfer: 106.16  
(c) Attach a legal description of above acreages as Appendix "A" and a map of suitable scale with actual disturbed areas clearly shown and identified. ON FILE
4. This application must be accompanied by a fully executed and signed Reclamation Contract (Form MR-RC).

SWORN STATEMENT OF TRANSFEROR

I, ALLAN R. CERNY being first duly sworn under oath, deposes and says that I am SECRETARY (officer or agent) of WESTERN STATES MINERALS CORPORATION; (corporation/company name) and that I am duly authorized to execute and deliver the foregoing obligations; that I have read the said application and fully know the contents thereof; that all statements contained in the transfer application are true and correct to the best of my knowledge and belief based upon the attached map and calculations forwarded to me by E. B. King of Jumbo Mining Company. By execution of this statement I certify that the Transferor is in full compliance with the Utah Mined Land Reclamation Act, the Rules and Regulations Promulgated thereunder, and the terms and conditions of Notice of Intention No. M/027/007.

Western States Minerals Corporation hereby makes no representation in regard to the allocation of responsibility for reclamation as between Western States Minerals Corporation and Jumbo Mining Company.

Allan R. Cerny  
Signature  
ALLAN R. CERNY  
Name (Typed or Print)  
SECRETARY - WSMC  
Title

Subscribed and sworn before me this 6 day of July, 1989.

Jean Ruppel  
Notary Public

My commission expires:  
August 2, 1991.

State of Colorado )  
County of Jefferson ) ss.

FINAL SWORN STATEMENT OF TRANSFEREE

E.B. King being first duly sworn under oath,  
depose and say that I am President  
(officer or agent)  
of Jumbo Mining Company; and that I am duly authorized to  
(Corporation/Company Name)

execute and deliver the foregoing obligations; that I have read the  
application and fully understand the contents thereof; that all statements  
contained in the transfer application are true and correct to the best of my  
knowledge and belief. By execution of this statement, the Transferee agrees  
to be bound by the terms and conditions of Notice of Intention  
No. M/027/007, the Utah Mined Land Reclamation Act, and the Rules and  
Regulations promulgated thereunder.

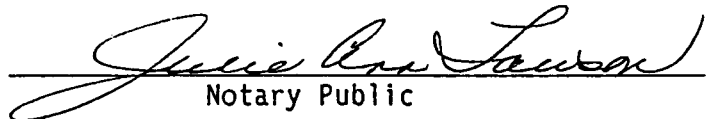


Signature

Name (Typed or Print) E.B. King

Title President

Subscribed and sworn before me this 10th day of July, 19 89.

  
Notary Public

My commission Expires:

February 10, 19 90.  
State of Utah )  
County of Salt Lake ) ss.

CERTIFICATION OF APPROVAL

This is to certify that I have examined the foregoing application and do hereby grant the same, subject to the following limitations and conditions:

- (a) This transfer of notice of intention grants only the right to affect the lands described in Appendix "A".
- (b) The transferee has provided to the Division a fully executed and signed Reclamation Contract (Form MR-RC). The surety shall be effective on the date of transfer.
- (c) The transferee, or such other person as required by UCA 1953, Title 40-8, has acquired legal right to mine for lands described in Appendix "A".

COMMENTS:

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APPROVED: \_\_\_\_\_

(Signature)

Director, Division of Oil, Gas and Mining

Effective Date: \_\_\_\_\_

NOI No.: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
(Signature)

Assistant Attorney General

MN9/45-48

M-81

DRUM

# DIVISION OF AREAS - JUMBO / WESTERN

## LEGEND

DRUM MINE DISTURBED AREAS—JANUARY, 1989  
(Based on Aerial Photography of July, 1987)  
(After Partial Reclamation by WSHC)

### HEAP LEACH PADS--Color Green:

HG-1	5.53 acres	Jumbo - 26.29
HG-2	8.74 "	
HG-3	3.60 "	
HG-4 & 5	8.42 "	
HG-6	1.65 "	WSHC - 16.34
HG-7	5.65 "	
LG-1	2.05 "	
LG-2	3.13 "	
LG-3	3.86 "	Jumbo - 3.09
Ponds	3.09 "	

Total..... 45.72 acres

ROADS--Color Brown:..... 23.21 " Jumbo

### WASTE DUMPS--Color Purple:

1.0 - V-1	10.92 acres	25.38 - WESTERN
V-2	6.37 "	
V-3	3.62 "	
V-5	2.97 "	
1.5 - W-4	1.5	22.88

TOTAL..... 23.88 "

### RAHPS--Color Yellow:

No.1 Pit	7.45 acres	All Jumbo
No.2 Pit	4.40 acres	

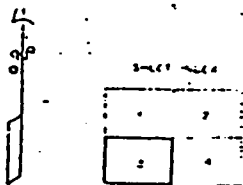
TOTAL..... 11.85 "

GRAND TOTAL..... 104.66 acres

+ 1.5 (W-4)  
106.16

29.38  
23.21  
2.50  
11.85  
66.94 Acres  
JUMBO

106.16  
- 66.94  
39.22 Acres  
Western States



SCALE 1" = 100'  
CONTOUR INTERVAL 5'  
PHOTOGRAPHY DATE JULY 22, 1987

Page 6 of 9

July 7, 1989

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Attention: Mr. Lowell Braxton

Gentlemen:

Enclosed please find a draft of the Reclamation Contract (Form MR-RC) which we propose to submit. We have not included pages 3-8 because there is no additional data that needs to be entered.

We are also enclosing a pledge plan developed by Texas Commerce Bank-Austin, which fulfills your requirements of posting of surety relative to the reclamation bond, as discussed this date with Mr. Holland Sheppard.

*not attached, rejected by DOWM in favor of U.S. Treasuries*

If you have any questions or comments, please call me at phone 512-346-4537.

Very truly yours,

*Janet King*  
Janet King  
Vice President

*(DW 7/1)*

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) m/027/007  
(Mineral Mined) gold

"MINE LOCATION":

(Name of Mine)  
(Description)

Drum Mountain Project  
& Drum Mine

"DISTURBED AREA":

(Disturbed Acres)  
(Legal Description)

106.16 Drum Mine (1)  
Exhibit A - on file

"OPERATOR":

(Company or Name)  
(Address)

Jumbo

(Phone No.)

(1) plus approximately 10 acres for Drum Mountain Project

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"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone No.)

Prentice Hall  
Corporate Services

PO Box 102670

Atlanta, Georgia 30368-0670

800-221-0970

"OPERATOR'S OFFICER(S)":

E. B. King  
Jane King

"SURETY":

(Form of Surety - Exhibit B)

U.S.  
Collateral - Treasury Bills

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Texas Commerce Bank - Austin, Tex  
(to purchase & deliver U.S. Securities)

"SURETY AMOUNT":

(Escalated Dollars)

\$162,000

"ESCALATION YEAR"

1994

"STATE":

"DIVISION":

"BOARD":

State of Utah

Division of Oil, Gas and Mining

Board of Oil, Gas and Mining

Revision Dates:

EXHIBITS:

A "DISTURBED AREA":

B "SURETY":